

1

ZANGER

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2

four to one?

3

A I assume so, yes. Actually, I

4

believe I could not give you an exact answer

5

to that yes or no.

6

Q So you don't know if it went to

7

five to one, six to one, seven to one? You

8

wouldn't know that?

9

A Well, no one has ever calculated

10

it and told me otherwise.

11

Q Did you ever have a conversation

12

with IAM about increasing leverage beyond four

13

to one?

14

A My recollection is that there were

15

various conversations where it was considered.

16

Q And do you recall a conversation

17

in which IAM said that you could go beyond

18

four to one on leverage?

19

A We had general conversations about

20

increasing leverage.

21

Q And what was the substance of

22

those conversations?

23

A That when the market was very

24

strong that we could potentially go higher.

25

Q And who said that when the market

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ZANGER

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2 was very strong that you could potentially go
3 higher?

4 A My recollection is that it was
5 George.

6 Q When did he say that?

7 A I don't know precisely.

8 Q Was it memorialized in any way?

9 A I don't recall it being
10 memorialized.

11 Q How about point B? We discussed
12 before what liquidity was. In your opinion,
13 while trading for IFL, did you maintain
14 sufficient liquidity?

15 A Well, we talked before about
16 liquidity being a means of disposing of your
17 product in a prompt, quick fashion.

18 Q Do you have any idea as to how
19 much liquidity you should have maintained
20 under this agreement?

21 A Well, again, we talked about
22 liquidity being the ability to dispose of
23 products quickly.

24 Q But I'm not asking what liquidity
25 is in terms of an explanation. What I am

1

ZANGER

52

2

asking now is, is there a specific amount of
liquidity that you were supposed to have under
this agreement?

5

MR. SEAR: Objection to the form.

6

Answer as best that you can.

7

A Well, in my context, liquidity is
the ability to raise cash quickly.

9

Q Well, let me ask you this: Does

10

maintaining a certain level of liquidity make

11

a trader more readily able to satisfy a margin

12

call?

13

A It does.

14

Q So if there is a sufficient degree

15

of liquidity in an account, is there a need to

16

liquidate positions in order to satisfy a

17

margin call?

18

THE WITNESS: Can you restate his

19

question?

20

(Whereupon, the referred to

21

question was read back by the Reporter.)

22

THE WITNESS: My understanding of

23

the question would be that if you have

24

enough liquidity, you would not have a

25

margin call.

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2

Q But you had a number of margin

3

calls with IFL; is that correct?

4

A Yes.

5

Q And when you were trading with

6

IFL, were you trading in other accounts as

7

well?

8

A Trading other accounts that were

9

not associated with IFL?

10

Q Correct.

11

A Yes.

12

Q What was the liquidity like in

13

those accounts?

14

MR. SEAR: Objection to the form.

15

Answer as best that you can.

16

A Well, pretty much the same as IFL.

17

Q So let's take, for example,

18

Westwood Partners. Did you have the same

19

margin issues with Westwood Partners that you

20

had with IFL?

21

MR. SEAR: Objection to the form.

22

Answer as best that you can.

23

THE WITNESS: Repeat the question.

24

(Whereupon, the referred to

25

question was read back by the Reporter.)

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2

THE WITNESS: Well, um, I don't

3

see them as issues.

4

Q Well, let me change to the same

5

margin calls with Westwood Partners that you

6

had with IFL.

7

MR. SEAR: Objection to the form.

8

Answer as best that you can.

9

A I can't give you a precise count,

10

so I couldn't say if it was exact.

11

Q Did you have similar margin calls?

12

A Um, merely an assumption, I would

13

assume so, but not -- I wouldn't say that I

14

can absolutely, factually say, you know, what

15

the numbers were, whether it was ten, twenty,

16

thirty, fifty or two.

17

Q All right. Point D, we discussed

18

that before about full disclosure of

19

positions. Did you ever disclose your

20

positions to IAM while trading for them or

21

trading for IFL?

22

MR. SEAR: Objection to the form.

23

Answer as best that you can.

24

A Did I disclose them?

25

Q That's correct.

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55

2

A They were there for anybody to see

3

at any time, so full disclosure was a constant

4

fact, pretty much, as far as I can recall.

5

Q Is it fair to say that when you

6

signed this agreement, you expected George

7

Szele to do marketing for you?

8

MR. SEAR: Objection to the form.

9

Answer it as best that you can.

10

A Yes.

11

Q Do you think that George Szele had

12

the capacity to attract investors to a fund

13

like IFL?

14

MR. SEAR: You are asking him

15

today?

16

MR. LANZA: Yes.

17

A I was under the belief that he had

18

the capacity.

19

Q How about today?

20

A I no longer have that belief.

21

Q While you were trading for IFL,

22

did you have disagreements with George Szele?

23

A Well, everybody has disagreements

24

with everybody. I can't say that I didn't.

25

Q Do you remember what those

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ZANGER

56

2

disagreements were?

3

A At this point, I don't recall

4

specific disagreements.

5

Q Is it fair to say that while you

6

were trading with IFL, you were upset with the

7

agreement that you had signed with George

8

Szele?

9

THE WITNESS: Can you repeat the

10

question?

11

(Whereupon, the referred to

12

question was read back by the Reporter.)

13

MR. SEAR: Objection to the form.

14

THE WITNESS: I don't recall.

15

Q Do you ever recall --

16

MR. SEAR: Did you finish your

17

answer?

18

THE WITNESS: Pretty much. I

19

don't recall.

20

Q Do you recall telling George Szele

21

that you felt that he was making money off of

22

you?

23

A I do and he was.

24

Q Did you ever threaten to harm IFL?

25

A Never. I don't ever recall saying

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2

that I would harm IFL.

3

Q You are done with your answer?

4

A I believe so.

5

Q You never threatened to drain the

6

fund?

7

A I don't have that recollection.

8

Q Let's turn to November of 2006.

9

You had a day trading call on November 30th of

10

2006; is that correct?

11

A What date was that?

12

Q November 30th.

13

A Of 2006?

14

Q Yes.

15

A A day trading call on

16

November 30th?

17

Q Yes.

18

A There was a day trading call.

19

Q And you chose not to cover that

20

day trading call; is that correct?

21

MR. SEAR: Objection to the form.

22

Answer it as best that you can.

23

A Yeah, I chose not to send in

24

payment for that call.

25

Q And the reason that you chose not

1

ZANGER

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2

to send in payment was because you didn't want
3 to experience a three- to four-week wait; is
4 that correct?

5

A No.

6

Q So you never said no more three-
7 to four-week waits in relation to that

8

November 30, 2006 violation?

9

MR. SEAR: Objection to the form.

10

A Yeah, I may have said that.

11

Q But a three- to four-week wait had
12 nothing to do with your choosing to cover it?

13

MR. SEAR: Objection to the form.

14

Answer it.

15

A Well, it had something to do with
16 it, yes.

17

Q You were aware that if you didn't
18 cover that call that the fund could no longer
19 actively trade; is that correct?

20

A Well, let's say that it could no
21 longer actively trade at Goldman Sachs, but it
22 could actively trade.

23

Q If the fund could no longer

24

actively trade, you can get your money back;

25

is that correct?

1

ZANGER

59

2

MR. SEAR: Objection to the form.

3

A Well, again, I am under the

4

impression that I could have taken my money

5

back at any time.

6

Q But you never did?

7

A Well --

8

MR. SEAR: Objection to the form.

9

Answer it.

10

A I took some money out, four

11

million dollars at one point.

12

Q But you never took all of your

13

money out?

14

A No. I never took all of my money

15

out.

16

Q But you were upset with the

17

agreement and you never took your money out?

18

MR. SEAR: Objection. You are

19

just arguing with the witness now.

20

Q When you didn't cover the margin

21

call, that November 30th day trading call, you

22

shut the fund down; is that correct?

23

A I didn't shut the fund down.

24

Q Who shut the fund down?

25

MR. SEAR: Objection to the form.

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ZANGER

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2

A Well, I must really respectfully

3

say that I don't know that the fund is shut

4

down.

5

Q How long has Westwood Capital

6

Partners been in existence?

7

A I don't know exactly.

8

Q Could you give us an estimate?

9

A Six to eight years, somewhere in

10

that vicinity.

11

Q And how many underlying investors

12

does it have?

13

A I do not know at this time.

14

Q Can you give us some names of

15

those investors?

16

MR. SEAR: Just note my objection.

17

I don't see the purpose of him

18

disclosing the identity of investors in

19

another fund. To my knowledge, that is

20

not at issue here. I'm not trying to

21

block the inquiry. I think that there

22

may be privacy concerns and so forth.

23

MR. LANZA: Because some of this

24

information is information that, I

25

think, that is out there. Maybe I am

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ZANGER

61

2

wrong.

3

Q So let me ask it this way: Was

4

Dark Star Partners, LLC an investor in

5

Westwood?

6

A I have no recollection at this

7

time.

8

Q How about William Mundel

9

(phonetic)?

10

A I have no recollection at this

11

time.

12

Q Laura Aponte (phonetic)?

13

A I have no recollection at this

14

time.

15

Q How about Paul Packer?

16

A That sounds familiar.

17

Q How much of your own money is in

18

Westwood Capital Partners?

19

MR. SEAR: Just note my objection.

20

A I am not being sued because of

21

Westwood Capital. Why is this relevant?

22

MR. SEAR: I think under the

23

circumstances, we are entitled to some

24

proffer as to how this would be relevant

25

in terms of his personal assets. There

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ZANGER

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2

is no allegation in this case that has
3 anything to do with Westwood or his
4 personal assets.

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

MR. LANZA: I think that there
are. Obviously, we need to see whether
or not there is an analogy that the
trading approach was similar there or we
are trying to establish some sort of
recklessness here. One yard stick is
going to be how things are done at
Westwood. I am entitled to ask some
questions about that.

MR. SEAR: That is not the
question that you asked.

MR. LANZA: I won't ask any more
specific questions about who is
invested, but I think I have a right to
ask more general questions about that.

MR. SEAR: We have not blocked any
inquiry in terms of his general trading
activities outside of the fund, even
though I am not sure that it is at all
relevant.

MR. LANZA: We have requested

1

ZANGER

63

2

documents from that fund and we were

3

told that there are no trading records

4

for it.

5

Q Let me ask you this: Do you have

6

a fund administrator for Westwood?

7

A I believe so.

8

Q Who is that?

9

A Goldman Sachs.

10

Q Does Westwood have an attorney?

11

A Not really.

12

Q Who handles marketing for

13

Westwood?

14

A Nobody.

15

Q Do you have any trading records

16

for Westwood Capital Partners from 2004 to

17

2006?

18

A I don't believe in the existence

19

that I can recall.

20

Q Did Westwood have any margin calls

21

in 2004 as a result of your trading?

22

A I can probably say that it did.

23

Q Do you know how many?

24

A I really have no idea.

25

Q Were they covered on time?

1

ZANGER

64

2

A

Um, from what I can remember, they

3

were.

4

Q

Were there any that were not

5

covered?

6

A

None that I remember.

7

Q

Did you ever describe IFL as your

8

offshore fund?

9

A

I never described, that I can

10

recall, IFL as my offshore fund.

11

Q

Did you ever discuss with a

12

potential investor the benefits of Westwood as

13

opposed to IFL or vice versa?

14

A

I don't recall ever discussing a

15

"benefit" to an individual.

16

Q

Let's turn to IFL. While you were

17

working with IFL, would you say that you took

18

your business and professional obligations

19

seriously?

20

A

Very seriously.

21

Q

Would you say that you

22

characterized the way that you handled

23

yourself professionally? Would you say that

24

you were sort of professional in your

25

demeanor?

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ZANGER

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2

MR. SEAR: Objection to the form.

3

A My personal demeanor?

4

Q Correct.

5

A In dealing with?

6

Q In dealing with people that you

7

were working with.

8

A Very professional.

9

Q Would you describe yourself as

10

responsive?

11

A I would say that I was fairly

12

responsive.

13

Q Did you ever send out any non-work

14

related obscene e-mails?

15

MR. SEAR: Objection to the form.

16

Objection to the form. There is no

17

place for that here. There is no

18

allegation in this case that has

19

anything to do with obscene e-mails?

20

MR. LANZA: That is not the

21

allegation. The allegation is whether

22

he was focussed on the work and whether

23

or not there was negligence taking

24

place.

25

MR. SEAR: Then ask questions

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66

2

about that. We are not here to ask
3 questions about obscene e-mails.

4

5

6

7

MR. LANZA: Look, I think it is
perfectly reasonable and we are entitled
to ask several brief questions about
that.

8

9

MR. SEAR: Unless you give me a
proffer.

10

11

12

MR. LANZA: Here is a proffer:
Did he ever send out any obscene e-mails
during work hours?

13

14

15

16

MR. SEAR: How is that relevant?

17

18

MR. SEAR: I disagree. I will not
let him answer the question.

19

A I disagree also.

20

21

Q We will move on and come back to
that. What is Victory Lane?

22

23

A Victory Lane is an offshore
corporation.

24

25

Q The agreement that you signed with
IAM, did you sign on behalf of anyone or any

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ZANGER

67

2

entity or organization? Did you sign it on
3 behalf of anyone?

4

A Not that I'm aware of.

5

Q Let's turn to C carriers.

6

Mr. Zanger, can you tell us about C carriers?

7

MR. SEAR: Objection to the form.

8

A To tell you the truth, I really
9 can't tell you about C carriers.

10

Q Do you know what a C carrier is?

11

A Well, I really don't know what a
12 C carrier is.

13

Q Did you ever discuss C carriers
14 with any of the principals of IAM at any point
15 in time?

16

A George had a couple of
17 conversations with me about C carriers.

18

Q When did those take place?

19

A I just don't have the dates.

20

Q Can you give us a sense of the
21 year that it took place in?

22

A Somewhere between 2005 and 2006 is
23 my best estimate.

24

Q What was the substance of those
25 conversations?

1

ZANGER

68

2

A Well, the substance was from what

3

George was telling me that C carriers was a

4

fund that was a part of the IFL, that they

5

were doing computerized trading of some sort

6

or basket trading and they had done fairly

7

well, although I never got any numbers that I

8

can recall during the bear market, during

9

extreme volatility, periods of extreme

10

volatility and that C carrier was basically

11

not able to generate any moneys once the bear

12

market ended.

13

Um, that was a number of

14

conversations that I remember him stressing

15

that and, um, another conversation was that

16

C carrier was suing the SEC for some reason,

17

that they had felt cheated by the specialists

18

on the floor and that George wanted me to pony

19

up some additional funds and pay his

20

attorney's bills and in which case I would get

21

some part of the settlement when and if it

22

ever would come.

23

Q Did you do that?

24

A I did not.

25

Q Sitting here today, can you say

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ZANGER

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2

that C carriers had an affect on IAM's ability
3 to market IFL?

4

A Can I say that C carriers had an
5 affect on his ability to market?

6

Q On IAM's ability to market IFL?

7

A I -- I couldn't say one way or the
8 other. Marketing was not my job.

9

Q Did C carriers affect your job in
10 any way?

11

A I am not aware of any at this
12 time.

13

Q Is it safe to say that you knew
14 about C carriers in March of 2005?

15

A No. I can't say for sure if I
16 knew or didn't on that particular month.

17

Q How about January?

18

MR. SEAR: January of what year?

19

MR. LANZA: January of 2005.

20

A Again, I can't say if I knew in
21 January of 2005. I really don't recall a
22 specific time when George told me about
23 C carrier.

24

Q Let me ask you some questions

25

about your background. What is your

1

ZANGER

70

2

educational background?

3

A Well, high school graduate.

4

Q Where have you worked before

5

before working with Westwood and before

6

working with IFL?

7

A Before Westwood and before IFL?

8

Q Correct.

9

A Well, I was working for

10

chartpattern.com, I was working for South

11

Pacific Pools. I was a swimming pool

12

contractor and before that, I was a dog

13

catcher. I used to catch dogs in Sun Valley,

14

Idaho. I was a cab driver in Lahaina, Maui

15

and I was a dishwasher in Mammoth Lakes,

16

California.

17

MR. SEAR: Off the record.

18

(Whereupon, an informal discussion

19

was held off the record.)

20

Q Let's talk about chartpattern.com.

21

What did you do there?

22

A I typed a newsletter on the Web

23

that is published.

24

Q What is that newsletter about?

25

A It is highlighting chart patterns

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ZANGER

71

2

on stocks.

3

Q What is a chart pattern?

4

A Well, stocks make -- let me go

5

back. An HR pattern is a pattern that is

6

created on the charts.

7

Q Explain what you mean by that.

8

That is a terminology. Explain what you mean

9

by that.

10

A I defined it.

11

Q Is there a trading approach

12

related to chart patterns? Let's put it that

13

way.

14

A There is.

15

Q What is that approach?

16

A Well, that stocks create specific

17

chart patterns. There are a number of chart

18

patterns and stocks would be typically bought

19

or sold off of the patterns as a result of the

20

patterns.

21

Q When did you first begin trading?

22

A I believe my first trade was done

23

around 1978 or 1979 as my -- somewhere in that

24

vicinity, maybe as late as maybe 1980. It was

25

somewhere back there. That was my first

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2

trade.

3

Q

When did you first begin trading

4

full-time as a career?

5

A

Um, 1998.

6

Q

Have you ever been licensed with

7

the NASD?

8

A

No.

9

Q

And FINRA, are you licensed with

10

them?

11

A

No.

12

Q

Any other organization?

13

A

Just the State of Florida with my

14

driver's license.

15

Q

Have you ever been sued before?

16

A

Yes.

17

Q

When was that?

18

A

Um, I don't have the exact dates.

19

Q

Give us a general time frame.

20

A

Early 1990, swimming pool

21

contracting days.

22

Q

That was --

23

A

As a swimming pool contractor and

24

landscaper, you know, there were a number of

25

deadbeats out there that I had to chase.

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ZANGER

73

2

3

Q So just to be clear, you have sued people, is what you are saying?

4

A Yes.

5

6

Q But you haven't been sued or have you been sued?

7

8

A Well, you know, I was sued once, but I defeated it 100 percent.

9

Q That was in relation to what?

10

11

A Um, site construction at an individual's home.

12

13

Q Have you ever been the target of regulatory investigations?

14

A No.

15

16

MR. LANZA: Why don't we take a short break?

17

18

(Whereupon, a short recess was taken.)

19

BY MR. LANZA:

20

MR. LANZA: Back on the record.

21

22

23

24

25

Q We have a couple of final questions for you. As I indicated off the record, we will not be here that much longer. The first thing I want to talk to you about is, Daniel, are you aware of something called

1

ZANGER

74

2

RCA, an agreement that you had with George

3

Szele regarding another marketing company?

4

MR. SEAR: Objection to the form,

5

but please answer it.

6

A I don't believe that I have an

7

agreement with RCA, as far as I know.

8

Q Did you have an agreement with

9

George Szele with RCA?

10

A We did something with RCA. As to

11

whether I signed the contract or George signed

12

the contract, I have no memory at this time

13

which it was, but I remember that George

14

brought to me this company to do marketing for

15

us.

16

Q And what was the sum and substance

17

of your discussions with George about that

18

company?

19

A Well, George said that they could

20

raise two hundred to two hundred and fifty

21

million dollars.

22

Q Did George ask you to fill out

23

forms for RCA?

24

A I believe so, yes.

25

Q Did you fill them out?

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ZANGER

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2

A To the best of my recollection,
3 they were filled out.

4

Q Were they filled out in their
5 entirety?

6

A At this point, I don't recall
7 whether they were filled out in their
8 entirety, but I believe that they were
9 probably filled out.

10

Q And what was your agreement --
11 just to be clear, did you have an agreement
12 with George about RCA itself?

13

MR. SEAR: I think he has answered
14 it. Go ahead.

15

A Do I have an agreement with
16 George, a written contract with George about
17 RCA?

18

Q I didn't say written contract. I
19 said an agreement, just to be clear.

20

A George said to give me fifty
21 thousand dollars and we will get RCA in here
22 to do marketing for us. They can raise fifty
23 to two hundred million dollars rather quickly,
24 your trading record has been very good, this
25 is a professional company. They have a great

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2 track record, they told me that they have
3 great, you know, contacts throughout the
4 business and their fee is fifty thousand and
5 he went over the fee structure with me, how
6 they get it back and how they earn it and when
7 they raise two hundred million dollars, he
8 gave me some various scales of when the money
9 comes back.

10

Q Was it ever discussed as to who
11 would be responsible for that fee, if RCA took
12 the money and ran?

13

A No, I don't recall that at all.

14

MR. LANZA: I'm going to show you
15 a document and have this marked as IAM's
16 Exhibit 4.

17

(Whereupon, a document was marked
18 as IAM's Exhibit 4 for identification as
19 of this date by the Reporter.)

20

Q Now, do you recognize that,
21 Mr. Zanger, what I just handed you (handing)?

22

A I can't just say that I can
23 remember this document.

24

Q So you have never seen this
25 document before or you can't remember it?

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2

MR. SEAR: I think he answered the

3

question. Go ahead.

4

A I answered the question. I can't

5

remember seeing this document before.

6

Q Let's look at where it says, if

7

you go to the sixth line down there, "pending

8

specialist class action."

9

A I don't see that.

10

MR. SEAR: He is referring to this

11

paragraph, and he is referring to the

12

words "pending specialist class action

13

potential amounts." He is directing

14

your attention to that (indicating).

15

Q Read that whole paragraph.

16

A Out loud or to me?

17

Q Out loud.

18

A "It is understood and agreed by

19

IAM and DZ that DZ shall place an additional

20

USD two hundred thousand with IAM immediately

21

for working capital needs in exchange for IAM

22

agreeing to return the entire two hundred

23

thousand to DZ before making any portion of

24

any fees as described in the agreement. IAM

25

is pledging one percent of any after expense

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2

potential earnings. IAM is awarded by the
virtue of the investment in any others or any
earnings, including, but not limited to,
either pending specialists class action
potential amounts or SEC fair fund
distribution amounts."

3

4

5

6

7

8

Q And that reference to SEC fair
fund distribution amounts, that is a reference
to C carriers; is that correct?

9

10

11

A Well, it doesn't say that it is in
reference to C carriers.

12

13

Q You had discussions -- you
testified before with George Szele about
C carriers; is that correct?

14

15

16

A We had general discussions about
C carriers?

17

18

Q There was a SEC fair fund
distribution with C carriers?

19

20

A Not that I'm aware. It says,
"Potential." You said that there is.

21

22

Q There was a potential SECC fair
fund distribution?

23

24

A Well, that is a potential.

25

Q All right. I will move on.

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2

MR. LANZA: I will show you

3

another document, which I will have

4

marked as IAM's Exhibit 5.

5

(Whereupon, a document was marked

6

as IAM's Exhibit 5 for identification as

7

of this date by the Reporter.)

8

Q Why don't you take a look at this

9

document (handing)?

10

A Okay.

11

Q Sort of take a look at it and I

12

will ask you if you recognize it. Tell me

13

when you are done.

14

A Okay.

15

Q Do you recognize that, what I

16

showed you? It is IAM's Exhibit 5.

17

A I see it now, so I recognize it

18

now.

19

Q Is that an instant messenger

20

between yourself and George Szele?

21

A It would appear to be.

22

Q You're chart pattern; is that

23

correct?

24

A Yes.

25

Q And George is GBSZELE?

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2

A Yes.

3

Q That is for George Szele?

4

A Yes.

5

Q Let's look sort of down towards

6

the middle of the page, the posting at

7

11:24:20.

8

A Yes.

9

Q It says that "I got some money

10

from a guy named Paul Packer." That is you

11

saying that; is that correct? It is from

12

chart patterns?

13

A Yes.

14

Q And then you go on to say that you

15

know this guy; is that correct?

16

A Yes.

17

Q Globisfund?

18

A Yes.

19

Q Then you say at 11:25, you say "I

20

told him I have two funds"; is that correct?

21

A Yes. That's what it says.

22

Q Then you later say "one on and one

23

off"?

24

A Correct.

25

Q What do you mean by "one on and

1

ZANGER

81

2

one off"?

3

A One onshore and one offshore.

4

Q So you told him, just to be clear,

5

in this communication, you are saying that you

6

told Paul Packer that you have an onshore fund

7

and an offshore fund; is that correct?

8

A Yes. I told him that he had an

9

offshore fund and an onshore fund.

10

Q What was the offshore fund that

11

you were referring to?

12

A IAM.

13

Q By that you mean IFL?

14

A IFL, IAM.

15

Q And you said that he chose the

16

onshore; is that correct?

17

A Yes, that's what it says.

18

Q And what do you mean by that?

19

A Well, exactly what it says. He

20

chose the onshore fund.

21

Q He chose the onshore to what?

22

A Well, I told him that I have an

23

onshore and an offshore. He chose the

24

onshore.

25

Q He chose the onshore to write a

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2

book about it, put money into it? What did he
3 choose it for?

4

A To put money into it.

5

6

Q Just to be clear, Paul Packer put
money into Westwood Partners, is that correct,
7 at that time?

8

9

10

A Well, that's what it says here. I
couldn't definitely say that he did, but I
would assume that is probably the case.

11

12

Q He had the option of choosing one
or two funds, namely Westwood or IFL --

13

MR. SEAR: Objection to the form.

14

Q -- is that correct?

15

16

MR. SEAR: Answer it as best that
you can.

17

Q By "he," you mean Paul Packer?

18

A Yes.

19

20

Q You spoke with Paul Packer before
he chose one of those funds?

21

22

A He called me up and said that he
wanted to see me.

23

Q Did you discuss the two funds?

24

25

A Well, it says here that I told him
that I had an onshore and an offshore.

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2

Q Did you say anything else?

3

A The fee structure is the same.

4

Q So just to be clear, you are

5

describing IFL as your offshore fund here; is

6

that correct?

7

A Yes.

8

MR. LANZA: I have no additional

9

questions at this time.

10

(Time noted: 12:15 p.m.)

11

12

13

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ACKNOWLEDGEMENT

STATE OF NEW YORK)
) ss
COUNTY OF NEW YORK)

I, DANIEL ZANGER, hereby certify that I have read the transcript of my testimony taken under oath in my deposition of March 21, 2008; that the transcript is a true, complete and correct record of what was asked, answered and said during this deposition, and that the answers on the record as given by me are true and correct.

DANIEL ZANGER

Signed and subscribed to
before me, this day
of , 2008.

Notary Public

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C E R T I F I C A T I O N

3

I, DAVID SHELDON, hereby certify

4

that the Examination Before Trial of DANIEL

5

ZANGER was held before me on March 21, 2008;

6

That said witness was duly sworn

7

before the commencement of his testimony;

8

That the within testimony was

9

stenographically recorded by myself, and is a

10

true and accurate record of the Examination

11

Before Trial of said witness;

12

That the parties herein were

13

represented by counsel as stated herein;

14

That I am not connected by blood

15

or marriage with any of the parties. I am not

16

interested directly or indirectly in the

17

matter in controversy, nor am I in the employ

18

of any of the counsel.

19

IN WITNESS WHEREOF, I have

20

hereunto set my hand this 21st day of March,

21

2008.

22

23

David Sheldon

24

DAVID SHELDON, RPR

25

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